

An abstract graphic on the left side of the page. It features a dark blue background with several vertical white stripes of varying widths. To the left of these stripes is a dark, vertical structure resembling a ladder or a series of rungs. The top of the graphic is partially obscured by a white rectangular box containing the text 'AR11'.

AR11

ANNUAL REPORT

for the year ended April 30, 1964

A handwritten signature in blue ink, appearing to read 'J. E. S.', located above the company name.

**THE INTERNATIONAL
HELIUM COMPANY LIMITED**



THE INTERNATIONAL HELIUM COMPANY LIMITED

Suite 509, 25 Adelaide Street West, Toronto 1, Ontario

Officers

Louis Erlich, *President*

J. H. Hawke, *Vice-President*

H. E. Templeton, *Vice-President*

V. L. Hendrickson, *Secretary-Treasurer*

G. D. Pattison, *Assistant Secretary*

R. D. Bell, *Assistant Treasurer*

Directors

C. G. Bragg, *Oakville, Ontario*

Noah Dietrich, *Beverly Hills, California*

Louis Erlich, *Beverly Hills, California*

Samuel Hanen, *Calgary, Alberta*

J. H. Hawke, *Toronto, Ontario*

V. L. Hendrickson, *Los Angeles, California*

Albert Parvin, *Beverly Hills, California*

H. E. Templeton, *Altadena, California*

P. C. Waite, *Brampton, Ontario*

Auditors

V. D. Harbinson & Co., *Toronto, Ontario*

Transfer Agent and Registrar

Montreal Trust Company, *Montreal, Toronto, Winnipeg, Calgary and Vancouver*

Head Office

Suite 509, 25 Adelaide Street West, *Toronto 1, Ontario*

THE INTERNATIONAL HELIUM COMPANY LIMITED

Suite 509, 25 Adelaide Street West, Toronto 1, Ontario

Directors' Report

To the Shareholders:

We take pleasure in presenting the financial statement of your Company for the fiscal year ended April 30, 1964, with Auditors' Report. It should be noted that your new management took control of the Company's affairs at September 1, 1963, and therefore the accompanying statement reflects a period influenced by both the previous and present managements.

Most of the second half of this fiscal year was utilized for the purpose of a general reorganization of the Company's affairs. General, administrative and operating expenses were sharply reduced. An important project undertaken and successfully completed in the early part of this year was the renegotiation of your Company's helium permits in Saskatchewan, reducing these permits to lease status for a total of approximately 67,000 acres. These leases now represent the most promising of the geological features located on the former permits. The net effect was to eliminate burdensome and onerous work requirements and resulted also in a sharp reduction in rentals. Additionally a leasing program in the United States surrounding several of the Company's properties was undertaken and completed for the purpose of augmenting the Company's holdings in anticipation of a projected drilling program.

Two wholly owned subsidiaries, Nevada Oil & Helium Co., a Nevada corporation, and recently, International Helium Inc., a Texas corporation, were organized for the purpose of operating the various interests of your Company in the United States.

An acquisition program entered into by your management resulted in the recent purchase of the Fred Whitaker oil and gas interests located in Texas, Louisiana and Arkansas. These comprise an approximate 44% of the working interest in 254 oil and gas wells covering in excess of 43,000 producing acres. Average gross income attributable to the interest acquired by your Company is estimated to be approximately \$600,000 annually. There are in addition a number of proven drill sites located on the acquired acreage which your Company plans to develop.

Your Company's controlled subsidiary, Apache Oil & Helium Corporation, which owns a 25% net profits interest in the production of helium at the Kerr-McGee Oil Industries extraction plant located at Pinta Dome, Arizona, reports that according to the accounting received, Kerr-McGee had recovered as at October, 1963, all of the pre-production costs which they were entitled to recover.

Income attributable to your Company's interests is being withheld by Kerr-McGee at this point due to a claimed mortgage, the validity of which has been and is being contested by your Company. Additionally your management has taken legal steps to compel a review of the accounting practices governing this net profits interest which your Directors are confident will result in a substantial increase in your Company's share of profits.

A significant accomplishment of your present management in the early part of this year was the listing of your Company's shares on the Toronto Stock Exchange.

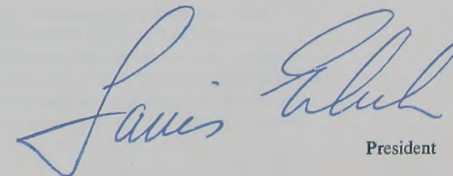
Management has been successful in strengthening the overall financial position of your Company by the reduction of the work requirements on our extensive helium leaseholds, by the elimination of unnecessary overhead expenses, and by securing long term bank financing.

In the near future we plan to commence a drilling program for the purpose of further augmenting the Company's income. Additionally we are pursuing an aggressive acquisition program designed to accelerate the growth of the Company. Several such acquisitions are now being considered subject to the necessary approvals.

We wish particularly to point out that in recent months important changes in the methods and technology involved in the extraction and handling of helium, including new liquification processes, have made possible substantial reductions in costs to the consumer. These in turn have caused a marked increase in the demand for this element which will serve to accelerate the extraordinary rate of growth of the industry.

Our primary efforts will be directed towards placing our Canadian helium properties into production at the earliest possible date and at the same time an active program of diversification will be followed to achieve a balanced source of income for your Company.

On behalf of the Board of Directors,



President

Toronto, Ontario,
October 1, 1964.

THE INTERNATIONAL HELIUM COMPANY LIMITED

and Nevada Oil & Helium Co.

Consolidated Balance Sheet

As at April 30, 1964

Assets

Current:		
Cash in bank	\$123,453	
Accounts receivable	22,497	
Deposits	36,397	
Investments at written down value (approximate market value \$53,488.00)	66,648	
Prepaid expenses	1,954	\$ 250,949
Investment, at cost:		
Investment (Notes 2 and 3)	\$1,000,000	
Advances	37,013	1,037,013
Fixed, at cost:		
Helium agreements and leases and interest therein	\$3,024,539	
Well costs — helium	323,400	
— oil and gas	505,601	
Equipment	110,741	
Deposit on helium processing plant (Note 5)	54,491	
	\$4,018,772	
Less: Accumulated depletion and depreciation	129,863	3,888,909
Deferred development and other expenditures (Note 6)		603,144
Organization expenses		12,765
		<u>\$5,792,780</u>

Approved on behalf of the Board:

J. H. HAWKE, Director.

C. G. BRAGG, Director.

To the Shareholders of
The International Helium Company Limited.

We have examined the consolidated balance sheet of The International Helium Company Limited and Nevada Oil & Helium Co., as at April 30, 1964, and the consolidated statements of deferred development and other expenditures and deficit from incorporation May 26, 1960 to April 30, 1964. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Liabilities

Current:		
Accounts payable and accrued charges	\$ 74,212	
Bank production loan — estimated repayment within one year	80,000	\$ 154,212
Long term:		
Bank production loan (secured) (Note 4)	\$346,517	
Less: Estimated repayment within one year	80,000	266,517

Shareholders' Equity

Capital stock:		
Authorized:		
10,000,000 shares without par value (Notes 1 and 7)		
Issued, fully paid and non-assessable: (Note 2)		
	Shares	
For assets	2,078,500 1/2	\$1,905,369
For helium agreements and mining claims	3,097,309 2/3	3,788,946
For cash	656,077 1/2	964,730
	<u>5,831,887 2/3</u>	<u>\$6,659,045</u>
Deficit	1,286,994	5,372,051
		<u>\$5,792,780</u>

Contingent liabilities — Note 5.

The accompanying notes form a part of the balance sheet above and should be read in conjunction therewith.

Auditors' Report

In our opinion, the accompanying consolidated balance sheet with notes thereto, and consolidated statements of deferred development and other expenditures and deficit, present fairly the financial position of the companies as at April 30, 1964, and the results of their operations for the period from incorporation May 26, 1960 to April 30, 1964, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
October 8, 1964.

V. D. HARBINSON & CO.,
Chartered Accountants

THE INTERNATIONAL HELIUM COMPANY LIMITED

and Nevada Oil & Helium Co.

Notes to Consolidated Balance Sheet

As at April 30, 1964

- On May 22, 1963 the Company was granted Supplementary Letters Patent, increasing the authorized capital stock to 10,000,000 shares by the creation of 7,000,000 shares without par value ranking on a parity with the existing shares.
- The Company acquired from Coast Exploration Company on August 30, 1963, certain oil, natural gas and helium properties and interests, as well as 501,001 common shares owned by it in the capital stock of Apache Oil & Helium Corporation. This transaction was paid for by the issue of 3,500,000 shares of the Company's capital stock at \$1.00 each, of which 2,500,000 shares was the consideration for the oil, natural gas and helium properties and interests which value was determined by the Board of Directors of the Company and 1,000,000 shares was the consideration for the Apache shares. 478,200 shares of Apache have been received and the remaining 22,801 shares are to be delivered by February 28, 1965 at no additional consideration.
- Nevada Oil & Helium Co., a wholly-owned subsidiary of the Company, holds the properties referred to in Note 2.
- The bank production loan of \$346,517 is secured by the oil production from the Company's Pembina field and is to be repaid from the oil production from the wells located on the said field over an estimated period of five years.
- To retain title to one of the helium leases The International Helium Company Limited has covenanted that if sufficient reserves of helium are established, it will construct a helium processing plant. The Company has been negotiating for the construction of a helium processing plant on which engineering work has been done by the probable contractor. A deposit of \$54,491 which represents 10% of the estimated cost of the plant has been made. It is not expected to be recovered if the contract is not entered into as this deposit will be applied against the engineering costs to date.
- Development and other expenditures have been capitalized. Inasmuch as The International Helium Company Limited's activities are still in the exploratory and development stage and proceeds from oil production have been applied against the expenditures capitalized, the Company is deemed to have realized no profit or sustained no loss to April 30, 1964, and therefore no profit and loss statement is submitted.
- There are share purchase warrants outstanding entitling the bearers thereof to purchase 145,100 shares at any time up to August 10, 1965 at the price of \$1.25 per share.
- The accounts of Nevada Oil & Helium Co. have been converted to Canadian dollars at par when consolidated in the accompanying statements.

THE INTERNATIONAL HELIUM COMPANY LIMITED

and Nevada Oil & Helium Co.

Consolidated Statement of Deferred Development and Other Expenditures From Incorporation May 26, 1960 to April 30, 1964

	May 26, 1960 to April 30, 1963	May 1, 1963 to April 30, 1964	Total
Development:			
Geological reports and consulting fees	\$ 13,729	\$ 1,529	\$ 15,258
Fees and licenses	5,788	987	6,775
Lease rentals	80,141	41,162	121,303
Depreciation and depletion	91,158	62,760	153,918
Production expense	37,775	29,423	67,198
Battery expense	7,161	3,211	10,372
Royalties	44,396	32,268	76,664
Well development	655,850	—	655,850
	\$935,998	\$171,340	\$1,107,338
Less: Well development capitalized	636,912	—	636,912
	\$299,086	\$171,340	\$ 470,426
Other expenditures:			
Salaries	\$143,578	\$ 8,280	\$151,858
Directors' fees	400	—	400
Rent	46,093	2,282	48,375
Office	16,096	8,974	25,070
Telephone and telegraph	26,956	4,000	30,956
Legal and audit	44,760	5,974	50,734
Travelling	75,594	6,031	81,625
Printing and advertising	16,147	339	16,486
Transfer agent and listing fees	10,976	15,274	26,250
Interest and bank charges	39,216	18,165	57,381
Miscellaneous	8,645	1,195	9,840
Deposit written off	27,500	40,000	67,500
	\$455,961	\$110,514	\$566,475
Total	755,047	\$281,854	\$1,036,901
Less: Revenue	241,828	191,929	433,757
	\$513,219	\$ 89,925	\$603,144

Statement of Deficit

Balance at the beginning of the year	\$ 799,595
Mining claims abandoned	52,250
Loss on disposal of fixed assets	15,080
Write down of marketable securities to approximate market value	412,606
Cost of terminating lease at Calgary office	7,463
	<u>\$1,286,994</u>

